

Executive Summary*

This volume contains essays on Myanmar's strategic situation, political future, socio-economic concerns, the likely efficacy of the regime's seven-point road map to political reconciliation and democracy, the actual impact of the current U.S. sanctions, and the challenges facing prospective donors and investors in a post-reconciliation Myanmar.

Myanmar is an overwhelmingly agrarian country, with 70 percent of its 50 million people engaged in subsistence farming. Agriculture constitutes half of GDP whereas industry (including mining, manufacturing, and trade) accounts for only about 10 percent. This asymmetrical economic profile means that international sanctions designed to inhibit the country's trade have only limited impact. They mostly affect the poor, especially urban women dependent upon low-wage factory jobs, who are thrown into destitution when factories close because their export markets have disappeared. Sanctions have little effect on the ruling elite and, if intended to foster democratic governance, are demonstrably failing to achieve this end. Instead, sanctions are fostering nationalism, autarkic modes of economic and political behavior, and the entrenchment of an authoritarian political climate.

If the United States wishes to advance democratic governance in Myanmar it must use a different approach, one with more patience, more knowledge of the situation on the ground, more resources to foster Myanmar's development, and more respect for the capacity of the people to manage their evolution toward modernity. There are no cultural impediments to political change in Myanmar. The institutional and personal changes needed can be more effectively dealt with through suasion than through bullying, coercion, or the threat that

* This summary is based on a collection of seven essays written by some of the world's leading Burma scholars—John Badgley (Cornell University, ret.), Helen James (Cambridge University), Kyaw Yin Hlaing (University of Singapore), Morten Pedersen (International Crisis Group), Seng Raw (Metta Development Foundation), David Steinberg (Georgetown University), and Robert Taylor (SOAS, University of London, ret.). Recognizing that important political shifts have taken place in recent months within Burma, these experts have come together to assess the current political and economic conditions in the country, and to contrast the effectiveness of different international policies toward Burma. In their essays, as reflected in this summary, the authors delineate how these realignments can be matched by complementary shifts in U.S. policy.

accompanies sanctions. Myanmar's generals are instinctively pro-Western, despite their years of contrary experience, and an understanding of their situation will reap rewards.

Sanctions Have Not Worked in Myanmar

- Years of sanctions have not achieved their aim of regime change.
- The United States will have no ammunition left if it continues to pursue sanctions.
- The application of sanctions makes the United States appear strategically irrelevant in the eyes of Myanmar's neighbors.

Sanctions Have Been Counter-Productive in the Short Term

- They have undermined the position of the reformers within the military.
- They have strengthened the resolve of the opponents of reform in the military.
- They have made supporters of democracy in Myanmar appear to be traitors, in the eyes of both reformers and opponents of reform within the regime.
- They have had deleterious social effects on an already poor country.

Sanctions Will Not Work in the Long Run

- They provoke the military to expand the state's coercive capacities as a matter of survival, thereby weakening the capacity for civil society to develop.
- They undermine the civilian administrative capacity of the state and emphasize the power of the army in administration.
- They weaken the intellectual strength and international understanding of both civil society and the military government.
- They hit the poorest segments of society while having only marginal impact on the elite.
- They undermine Western influence in the country by making Myanmar increasingly impervious to the interests of Western nations.

- They ignore long-term strategic trends in Asia as China and India grow in power vis-à-vis ASEAN, and thereby undermine ASEAN while assisting China to the detriment of India.

Sanctions Ignore Fundamental Principles of Politics in Developing Countries

- There is no such thing as a hungry general—the army’s monopoly of violence can only be contained through economic development and the establishment of effective civilian governing institutions.
- Involving states and societies in the web of international trade and finance is the best way to link them to the norms of transparency and the rule of law.

Miscalculations and Failed Approaches Have Exacerbated the Crisis in Myanmar

Political, social, and economic miscalculations have been evident in the policies of all internal and external actors in the Burmese tragedy. The military, the opposition, and the minorities have all exacerbated the problems of reconciliation and development, as have international participants in this drama. These problems have been compounded by a growing sense of rigidity on the part of all involved, stemming partly, but not completely, from the May 1990 election, resulting in increased difficulties in resolving confrontations. A strong sense of hierarchy in Myanmar and the isolation of the leadership from alternative approaches impede change. The United States has had a single, ineffective focus on a narrow definition of human rights, while ignoring larger societal as well strategic and regional issues that also need to be taken into consideration. By concentrating on the end *product* of elections, the United States has ignored the all-important *process* of democratic transformation. Its policy of sanctions has created a backlash which has made its principal objective, “regime change,” less likely.

The people of Myanmar need and deserve a greater say in governing their country. Failure to provide decent human welfare and security consonant with the country’s great natural potential is closely linked to lack of popular participation in decision making. Tragically, the configuration of power and interests inside Myanmar is not conducive to major, immediate change, and the international community has no “magic bullets,” no realistic policy options

that might alter this. Instead, new, long-term efforts are needed to change political, social, and economic realities in ways that facilitate domestic pressure and capacity for reform.

Removing Sanctions and Providing Aid are a Long-Term Investment

There is a danger that removing sanctions and providing aid for nation-building and sustainable development could reinforce the power of the military and impede progress rather than propel the country forward. This risk might be unavoidable in the short term, yet without such support the multi-layered conflicts in Myanmar will continue, the crisis will deepen, and establishing sustainable and effective civil institutions apart from the state will be much more difficult. For Myanmar to evolve into an effective democracy, long-standing center-periphery conflicts must be resolved, the civil service must be reformed and rebuilt, civil society must be strengthened, and broad-based socio-economic development must take place. Aid and trade alone cannot bring this about—they can only serve as contributing factors. However, while a premium must be placed on mobilizing domestic will and resources through dialogue and capacity-building, the importance of aid, both as a catalyst for domestic initiatives and as a supplementary resource, should not be underestimated.

The impact of sanctions on Myanmar's export market has been seriously skewed by the West's embargo policies. While promising investment growth in the early 1990s was severely curtailed by the Asian financial crisis of 1997–98, subsequent EU consumer sanctions and U.S. restrictions on all trade and investment have been damaging. Of equal gravity is the lack of multilateral and bilateral aid. The West took a dangerous turn when it focused solely on human rights and democracy in its relations with Myanmar, leaving other strands of policy unattended. As a result, the landscape of Myanmar's external relations has been altered by its growing dependence on China for assistance, both military and economic, as well as for investment and trade.

Changes Under Way in Myanmar Should Prompt a Reorientation of U.S. Policy

Myanmar's neighbors created the Association of South East Asian Nations (ASEAN) in 1967 in response to strategic threats from the global powers embroiled in Vietnam and in order to mitigate the overwhelming pressure of U.S., European, and Japanese trading net-

works. Myanmar chose an isolationist path at that time. Thirty years later, however, in 1997, Myanmar shifted from isolation to regional integration and was accepted, along with Vietnam, Cambodia, and Laos, for full membership in ASEAN. This new approach reflected the Myanmar government's awareness of geo-political changes taking place throughout Asia. The collapse of the Soviet Union, the growing importance of a knowledge-based economy, and the growth of international trade were moving the entire region toward a more integrated financial and economic system. Yet the United States has exercised its considerable legal and financial arsenal in an attempt to curtail Myanmar's integration into ASEAN and the World Trade Organization (WTO). The policy of isolation has hurt the citizens of Myanmar, reduced U.S. leverage with its allies in Asia, and is cutting into important U.S. interests in this vital region. It is time to re-visit this policy and return to the traditionally innovative financial and economic practices that fueled Southeast Asia's rapid growth in the past. After a four-decade delay, Myanmar's government now may be committed to joining its neighbors in sustained regional development, although experience teaches that without external support, fear of reform could overwhelm the commitment. It is clearly in the long-term interests of the United States, on every count, to support this objective and nudge this process along.

In Myanmar it is especially important now that comprehensive rehabilitation and reintegration programs be established for both civilians and members of armed groups. In this context, it is useful to recall the experience of the USAID-funded Post-War Mozambique Project, where demobilization and the return to civil society of former combatants were regarded by both national politicians and international donors as vital to the country's future and stability. Indeed, in Myanmar's case, it can be argued that reconciliation efforts between soldiers of ethnic minority forces should be started as early as possible, even before demobilization has begun. The reconciliation process between the army and ethnic insurgents has already started, yet the international community still fails to grasp the opportunity it affords and respond to the needs of minorities.

Finally, it is important to stress that any form of international aid program, including resumption of bilateral aid, should give priority to those regions in greatest need. Regard must be given to the conditions and grievances that have underpinned Myanmar's political and ethnic crisis in the five decades since independence. In this respect, it is vital to bear in mind that the ethnic minority states have been critically disadvantaged and generally lag far behind the rest of the country in terms of infrastructure and economic development, especially in power generation, transport, and telecommunications. The international community has too often responded to the humanitarian and development challenges in Myanmar as separate "crises" or "emergencies" (such as narcotics, HIV/AIDS, poverty, refugees, or infrastructure),

but has failed to understand the centrality of the ethnic nationality cause to these issues. At this vital moment in Myanmar's history, international agencies should realize that continuing to approach humanitarian and development problems in singular ways will actually accentuate differences between nationalities rather than solve long-term problems and integrate civil society, which has long been the desire of the ethnic minority peoples. Ethnic inclusiveness and understanding, therefore, must be an essential feature in meeting the vital challenges of reform and progress that all the peoples of Myanmar face in the twenty-first century.